

**House Committee on Ways and Means
Full Committee Hearing
on
Tax Reform and Consumption-Based Tax Systems**

**Written Statement for Inclusion in the Printed Record
The Honorable Rob Woodall (R-GA)**

Tuesday, July 26, 2011

Chairman Camp, Ranking Member Levin, and Members of the Committee,

For decades, our tax code has been an impediment to our nation's sustained economic growth. Less a coherent system than a patchwork of loopholes, preferences, and penalties, our tax code has become an enormous drain on America's businesses, entrepreneurs, and taxpaying individuals. This year alone, Americans will spend \$431 billion on tax code compliance.¹ It has been projected that by 2015, those compliance costs will rise to \$482.7 billion.² This means businesses and individuals have fewer resources to create jobs and grow our economy. When one factors in the amount of time spent and productivity lost in order to complete the convoluted process of paying one's federal taxes, every dollar collected by the federal government as tax revenue costs the law-abiding taxpayer considerably more than the one dollar owed in taxes. These are hundreds of billions of dollars that businesses could be spending on new hires, job training, and investment in new capital; money that American consumers could be using for higher and better purposes.

We all agree that our tax code is broken. The President himself has acknowledged that we must overhaul our tax system to remain competitive in the global economy. However, the question before this Committee is how to do it. The tax reform discussions today in Congress sometimes consider the current tax structure as the basis for reform rather than the root of the problem. I have introduced H.R. 25, the FairTax, in the 112th Congress because I believe that we need to completely dismantle our current tax structure and start over. The FairTax eliminates all federal personal and corporate income taxes. It abolishes the gift, estate, capital gains, alternative minimum, Social Security, Medicare, and self-employment taxes as well, and replaces them all with one simple, transparent, 23 percent personal consumption tax. In passing the FairTax, we would unshackle the American entrepreneur and turn our nation into a magnet for capital investment overnight.

Opponents say the FairTax is untested and unknown. To those individuals, I would point to the fact that the FairTax is supported by \$20 million in research conducted by some of the nation's preeminent economists, over 70 members of Congress, and tens of thousands of business owners, consumers, families, and private citizens across the nation. It is, by far, the most widely supported and most thoroughly-vetted tax reform proposal before Congress today.

Sixteen years ago, a group of concerned citizens decided to dream a big dream and ask the question, "If America could write its tax code anew, starting with a blank sheet of paper, what should we do?" That is how the FairTax started. How the FairTax grew, however, is through the passionate and tireless work of its grassroots leaders, and I want to express my gratitude today for their efforts. To the supporters who have sacrificed their time and treasure to advance the FairTax, thank you. To the believers who have over the years volunteered their time, energy, and passion in advancing the cause, I am grateful. It is often said that great change could be accomplished if only Americans had the political will to demand it. I would argue that

¹ <http://www.laffercenter.com/2011/04/press-release-dr-arthur-laffer-compliance-with-complex-tax-code-costs-taxpayers-431-1-billion-a-year-2/>

² Moody, J. Scott, Wendy P. Warcholik, and Scott A. Hodge, "The Rising Cost of Complying with the Federal Income Tax," Tax Foundation, Special Report No. 138, December 2005.

Americans do have that will. It has been demonstrated time and time again through the hundreds of thousands of e-mails, phone calls, and yard signs placed by FairTax advocates. The impediment to change is not the people; it is Washington, D.C.

I would also like to thank Chairman Camp for his leadership on the often divisive but always important issue of tax reform. It is time to stop kicking the can down the road, and I am pleased that the Committee is boldly leading this Congress and working diligently to find new, creative solutions so that we do not force the broken and destructive system that exists today onto our children tomorrow.